

Decision# _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of THE HOSTEL HOPPER, LLC, for Certificate of Public Convenience and Necessity under Section 1031, et seq., of the Public Utilities Code, to transport low-budget student-vacationers and tourists on an on-call, door-to-door basis, between Los Angeles (LA) International Airport (LAX), LA Union & Greyhound Stations and various tourist attractions in the Los Angeles, Orange and San Diego counties, on the one hand, and their hostels and hotels, on the other hand; and to establish a Zone of Rate Freedom

Application 14-11-002
(Filed November 03, 2014)

D E C I S I O N**Summary**

This decision grants the application of The Hostel Hopper, LLC, a limited liability company, pursuant to Pub. Util. Code § 1031 et seq., for a Certificate of Public Convenience and Necessity to operate as a Passenger Stage Corporation, as defined in Pub. Util. Code § 226, and to establish a Zone of Rate Freedom, pursuant to Pub. Util. Code § 454.2.

Discussion

The Hostel Hopper, LLC (applicant requests authority to operate as a Passenger Stage Corporation (PSC) to transport passengers on an on-call passenger-shared shuttle service between Los Angeles International Airport (LAX), Union Station, Greyhound Station, and various tourist attractions in the

Los Angeles, Orange and San Diego counties, on the one hand, and their hostels and hotels on the other hand.

Applicant has about five years of experience as a charter-party carrier (TCP-27718A) owner-operator booking customers, conducting charter and specialized carrier services. Applicant has formed the limited liability company to formalize and expand the business. Applicant's customers are low-budget student-vacationers and tourist who stay in hostels or budget-priced hotels/motels. Applicant believes this market is growing, and does not have any knowledge of any other licensed carrier providing similar service.

Applicant will begin the operation with a fleet of six (6) seven passenger vans. Depending on the demand and growth of the business, Applicant may purchase additional vehicles. Attached to the application as Exhibit D is an unaudited balance sheet as of October 23, 2014, that discloses assets of \$76,208, liabilities of \$52,871, and net worth of \$23,337.

Proposed fares range from \$20 (Santa Monica to LAX, one-way) to \$90 (West Hollywood to San Diego, round-trip). Applicant requests authority to establish a Zone of Rate Freedom (ZORF) of plus or minus \$5 for fares less than \$20, plus or minus \$10 for fares between \$20 to \$39, and plus or minus \$20 for fares over \$40. It will compete with public transit, taxicabs, limousines, and private automobiles in this service area. This highly competitive environment should result in Applicant pricing services at a reasonable level. Many other PSCs have been granted ZORFs. The requested ZORF is generally consistent with the ZORFs held by other PSCs.

Notice of filing of the application appeared in the Commission's Daily Calendar on November 10, 2014. Applicant served a copy of the application to the public transit operators in the service area and sent a notice of the application to the affected cities and LAX.

In Resolution ALJ 176-3346 dated November 20, 2014, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3346.

A California Environmental Quality Act review is not required for this decision because granting the certificate will have no significant adverse effect on the environment, and the proposed service will reduce the number of private vehicles on the highways.

Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

Safety Considerations

In order to be authorized to commence operations as a PSC, the applicant must comply with the following requirements in order to protect public safety: Proof of adequate insurance per General Order Series 101, compliance with the controlled substance and alcohol testing program pursuant to Pub. Util. Code §1032.1 and General Order Series 158, and enrollment in the pull notice system as required by Section 1808.1 of the Vehicle Code.

Assignment of Proceeding

Elizaveta Malashenko is the assigned Examiner in this proceeding.

Findings of Fact

1. Applicant requests authority to operate as a PSC to transport passengers on an on-call passenger-shared shuttle service between LAX, Union

Station, Greyhound Station and various tourist attractions and hostels/hotels in Los Angeles, Orange and San Diego counties.

2. Applicant requests authority to establish a ZORF of plus or minus \$5 for fares less than \$20, plus or minus \$10 for fares from \$20 to \$39, and plus or minus \$20 for fares over \$40.
3. Applicant will compete with public transit, taxicabs, limousines, and private automobiles in his operations.
4. Public convenience and necessity requires the proposed service.
5. No protest to the application has been filed.

Conclusions of Law

1. Public convenience and necessity has been demonstrated and the application, as amended, should be granted.
2. The request for a ZORF should be granted because the ZORF is fair and reasonable.
3. Before Applicant changes any fares under the ZORF authorized below, Applicant should give this Commission at least ten days' notice. The tariff should show the high and low ends of the ZORF and the then-currently effective fare between each pair of service points.
4. Since the matter is uncontested, the decision should be effective on the date it is signed.
5. A public hearing is not necessary.
6. A California Environmental Quality Act review is not required for this decision because it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment.

7. Only the amount paid to the State for operative rights may be used in rate fixing. The State may grant any number of rights and may cancel or modify the monopoly feature of these rights at any time.

O R D E R

IT IS ORDERED that:

1. A Certificate of Public Convenience and Necessity is granted to The Hostel Hopper, LLC, a limited liability company, authorizing it to operate as a Passenger Stage Corporation (PSC), as defined in Pub. Util. Code § 226, to transport persons and their baggage between the points and over the routes set forth in Appendix PSC-27718, subject to the conditions contained in the following paragraphs.

2. The Hostel Hopper, LLC, shall:

- a. File a written acceptance of this certificate within 30 days after this order is effective.
- b. Establish the authorized service and file tariffs and timetables within 120 days after this order is effective.
- c. File tariffs on or after the effective date of this order. They shall become effective ten days or more after the effective date of this order, provided that the Commission and the public are given not less than ten days' notice.
- d. Comply with Commission General Orders Series 101 and 158, and the California Highway Patrol safety rules.
- e. Comply with the controlled substance and alcohol testing certification program pursuant to Pub. Util. Code § 1032.1 and General Order Series 158.
- f. Remit to the Commission the Transportation Reimbursement Fee required by Pub. Util. Code § 423 when notified by mail to do so.
- g. Comply with Pub. Util. Code §§ 460.7 and 1043, relating to the Workers' Compensation laws of this state.

- h. Enroll all drivers in the Pull Notice System as required by Section 1808.1 of the Vehicle Code.
3. The Hostel Hopper, LLC, is authorized under Pub. Util. Code § 454.2 to establish a Zone of Rate Freedom of plus or minus \$5 for fares less than \$20, plus or minus \$10 for fares from \$20 to \$39, and plus or minus \$20 for fares over \$40.
4. The Hostel Hopper, LLC, shall file a Zone of Rate Freedom (ZORF) tariff in accordance with the application on not less than ten days' notice to the Commission and to the public. The ZORF shall expire unless exercised within 120 days after the effective date of this order.
5. The Hostel Hopper, LLC, may make changes within the Zone of Rate Freedom by filing amended tariffs on not less than ten days' notice to the Commission and to the public. The tariff shall include the authorized maximum and minimum fares and the fare to be charged between each pair of service points.
6. The Hostel Hopper, LLC (Applicant), is authorized to begin operations on the date that the Commission's Safety and Enforcement Division mails a notice to Applicant that his evidence of insurance and other documents required by Ordering Paragraph No. 2 have been filed with the Commission and that the California Highway Patrol has approved the use of Applicant's vehicles for service.
7. Before beginning service to any airport, The Hostel Hopper, LLC (Applicant), shall notify the airport's governing body. Applicant shall not operate into or on airport property unless such operations are authorized by the airport's governing body.
8. The Certificate of Public Convenience and Necessity to operate as Passenger Stage Corporation-27718, granted herein, expires unless exercised within 120 days after the effective date of this order.
9. The Application is granted as set forth above.

10. This proceeding is closed.

This order is effective today.

Dated _____, at San Francisco, California.

CERTIFICATE
OF
PUBLIC CONVENIENCE AND NECESSITY
AS A PASSENGER STAGE CORPORATION
PSC-27718

Showing passenger stage operative rights, restrictions,
limitations, exceptions, and privileges

All changes and amendments as authorized by
the Public Utilities Commission of the State of California
will be made as revised pages or added original pages.

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SECTION I. GENERAL AUTHORIZATIONS, RESTRICTIONS,
LIMITATIONS, AND SPECIFICATIONS.

The Hostel Hopper, LLC, a limited liability company, by the certificate of public convenience and necessity granted by the decision noted in the foot of the margin, is authorized to transport passengers and their baggage on a scheduled and on-call basis between the points described in Section II, over the routes described in Section III, subject, however, to the authority of this Commission to change or modify this authority at any time and subject to the following provisions:

- A. When a route description is given in one direction, it applies to operation in either direction unless otherwise indicated.
- B. The term "on-call," as used, refers to service which is authorized to be rendered dependent on the demands of passengers. The tariffs shall show the conditions under which each authorized on-call service will be provided, and shall include the description of the boundary of each fare zone, except when a single fare is charged to all points within a single incorporated city.
- C. No passengers shall be transported except those having a point of origin or destination as described in Section II.
- D. This certificate does not authorize the holder to conduct any operation on the property of any airport unless such operation is authorized by the airport authority involved.

SECTION II. SERVICE AREA.

A. AIRPORTS AND ATTRACTIONS

1. Los Angeles International Airport (LAX), Los Angeles Union & Greyhound Stations, Downtown San Diego, Disneyland, Magic Mountain, Universal Studios, Hollywood, West Hollywood, Santa Monica, Venice Beach.
2. LAX, San Diego, Hollywood, Santa Monica, Venice Beach.
3. LAX, Anaheim, Huntington Beach, Newport Beach, Downtown Los Angeles, Santa Monica, Venice Beach, West Hollywood, Hollywood.

B. HOSTELS AND HOTELS

1. Los Angeles County - Hostels and Hotels in the Los Angeles County cities of Santa Monica, Venice Beach, Hollywood, West Hollywood and Downtown Los Angeles.
2. Orange County - Hostels and Hotels in Orange County cities of Anaheim, Huntington Beach and Newport Beach.
3. San Diego County - Hostels and Hotels in San Diego County cities of Pacific Beach, Ocean Beach, Downtown San Diego, Hillcrest and Pont Loma.

SECTION III. ROUTE DESCRIPTION.

Route 1: Commencing from any of the airports and attractions described in Section IIA1, then over the most convenient streets, expressways, and highways to the points described in Section IIB1.

Route 2: Commencing from any of the airports and attractions described in Section IIA2, then over the most convenient streets, expressways, and highways to the points described in Section IIB2.

Route 3: Commencing from any of the airports and attractions described in Section IIA3, then over the most convenient streets, expressways, and highways to the points described in Section IIB3.